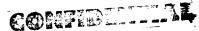
NSC BRIEFING

3 February 1954

## YUGOSLAVIA'S FOREIGN RELATIONS

- I. Current position.
  - A. Middle road policy pursued.
- II. Relations with bloc.
  - A. USSR unwilling create acceptable conditions for return to bloc.
  - B. Bloc attempting to exploit Yugoslav internal weaknesses.
  - C. Relations, however, being "normalized."
  - D. Yugoslavia has obtained greater freedom of maneuver.
    - 1. Partial normalization economic relations likely.
- III. Relations with West.
  - A. Continued alignment with West.
    - 1. Balkan Pact planning progressing.
    - 2. Emotional tensions over Trieste easing.
    - 3. Yugoslavs at London Conference will maintain firm position on Trieste.
    - 4. Yugoslav surrender Italian cities in Zone B probably dependent

Italian concessions Zone A.



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- IV. Domestic developments.
  - A. Djilas affair.
    - 1. May presage return more orthodox line.
    - 2. Created confusion in party, but likely to strengthen it.